

# FISCAL NOTE

**Bill #:** HB0364

**Title:** Facilitate mail order purchase of Canadian pharmaceuticals

**Primary Sponsor:** Maedje, R

**Status:** As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$100,582	\$76,180
<b>Revenue:</b>		
General Fund	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	(\$100,582)	(\$76,180)

- |   |  |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input checked="" type="checkbox"/> Technical Concerns           |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

## Fiscal Analysis

### ASSUMPTIONS:

#### Department of Public Health and Human Services

#### Health Resources Division:

1. This bill requires the Department of Public Health and Human Services (DPHHS) to facilitate the purchase of pharmaceuticals from Canadian pharmacies, may issue request for proposals, and visit and inspect pharmacies prior to inclusion on the website.
2. Although the effective date is October 1, 2005, it is assumed that DPHHS will begin to work toward implementation of the provisions in this bill on July 1, 2005.
3. It is assumed that DPPHS will hire two 0.50 FTE, one grade 23 pharmacists and one grade 16 program officer, for program development, program maintenance, coordinate requests for proposals, and visit and inspect pharmacies for inclusion on the website. It is estimated that the personal services costs will be \$64,025 in FY 2006 and \$64,025 in FY 2007.
  - a. .50 FTE grade 23 pharmamcist - \$41,323
  - b. .50 FTE grade 16 program officer - \$22,702
4. The administrative costs are estimated to be \$21,431 in FY 2006 and \$6,479 in FY 2007.
  - a. FY 2006
    - i. New employee office and computer equipment package - \$2,906

**Fiscal Note Request HB0364, As Introduced**

(continued)

- ii. Pharmacy inspection trips estimated at \$1,000 per trip and 12 initial inspection trips for review in FY 2006 = \$12,000
  - iii. General operating expenses (rent, phones, etc.) = \$3,479
  - iv. Program startup costs including printing, rules, etc. - \$3,046
- b. FY 2007
  - i. Pharmacy inspection trips estimated at \$1,000 per trip and 3 annual inspection trips in FY 2007 = \$3,000
  - ii. General operating expenses (rent, phones, etc.) = \$3,479
- 5. It is assumed these costs will be paid with 100 percent general funds.

**Operations and Technology Division:**

- 6. It is estimated that .125 FTE, grade 16, would be required to establish and maintain the department website at a cost of \$8,582 in FY2006 and \$5,676 in FY 2007
  - a. FY 2006 .125 grade 16 FTE at \$5,676 salary and benefits + \$2,906 office package and computer
  - b. FY 2007 .125 grade 16 FTE at \$5,676 salary and benefits
- 7. It is assumed that these costs would be paid with 100 percent general funds.

**Director's Office:**

- 8. Legal research and rulemaking would be contracted out to Agency Legal Services at the Attorney General's Office. It is estimated that this would involve 80 hours at their rate of \$71.80 per hour, or \$5,744.
- 9. It is estimated that the rules would total 20 pages. The Secretary of State's office charges \$40 per page to print administrative rules. Printing of the rules would cost an estimated \$800 (20 pages x \$40 = \$800)

**FISCAL IMPACT:**

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
FTE	1.125	1.125
<b><u>Expenditures:</u></b>		
Personal Services	\$69,701	\$69,701
Operating Expenses	<u>\$30,881</u>	<u>\$6,479</u>
TOTAL	\$100,582	\$76,180
<b><u>Funding of Expenditures:</u></b>		
General Fund (01)	\$100,582	\$76,180
<b><u>Revenues:</u></b>		
General Fund (01)	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>		
General Fund (01)	(\$100,582)	(\$76,180)

**TECHNICAL NOTES:**

## **Fiscal Note Request HB0364, As Introduced**

(continued)

1. Under Section 4 of this bill, state institutions are currently eligible to participate in a bulk-purchasing arrangement with the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP). The following facilities currently have arrangements and participate: the Montana Mental Health Nursing Care Center; MSU and U of M Health Care Centers and the County Health Departments (vaccines only). Two other facilities are eligible but do not participate: Montana State Hospital and the Montana State Veterans Home. The state hospital contracts with a private corporation for drug purchases and the MT State Veteran's Home receive bulk-purchasing prices through the Veterans Administration.
2. Page 2, lines 1 and 2 of this bill indicate that DPHHS is responsible to set up a "bulk-purchasing" of drugs for "persons under its care". This term is not defined but may likely include more than people committed to DPHHS.
3. Because no effective date provision is contained in the bill, the effective date is October 1, 2005.